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DEPT. OF TRANSPORTATION
DOCKETS



U.S. Department
of Transportation
**Federal Aviation
Administration**

02 MAY 14 AM 11:50

Memorandum

Subject: **INFORMATION:** Summary of Communication
Regarding the Aviation Security Infrastructure Fee

Date: April 22, 2002

From: Deputy Director, Office of Cost and Performance
Management, APF-2

Reply to
Attn. of:

To: Docket No. TSA-2001-11334-25

We submit to the docket no. TSA-2001-11334 the summary of two telephone conversations as detailed below:

During phone conversations on April 2 and 22, 2002, with Randall Fiertz and Mehul Parekh, Patrick Heidenthal provided suggestions on the auditing and accounting requirements of the Aviation Security Infrastructure Fee Interim Final Rule. Mr. Heidenthal is an employee of the Federal Aviation Administration who is presently on detail to the Washington Metropolitan Airports Authority.

As both Mr. Fiertz and Mr. Parekh were assigned by the Department of Transportation to assist with the development of such rule and to avoid any suggestion of any improper *ex parte* communications, Mr. Heidenthal was asked to submit his comments to the docket in writing. A copy of those comments are attached. Part 1 reflects the key points made by Mr. Heidenthal and Part 2 contains a comparison he made between the Appendix A in the Interim Final Rule and a proposed Appendix A as submitted previously to the docket by the Air Transport Association (docket no. TSA-2002-11334-7).

We submit that the written comments attached accurately reflect the telephone conversations noted above.


for Randall S. Fiertz

Attachments

Comments on Aviation Security Infrastructure Fees

TSA Docket No . TSA-2002-11334

1. Comment on Appendix A “Calendar Year 2000 Costs for Passenger and Property Screening:

- a) The number of categories in the TSA format will require a lengthy time to complete and may only be derived in some cases by allocations or prorated dated that is available at a higher level in the airlines accounting system. In the comments submitted by ATA, there are less categories on the ATA suggested format and a simpler breakout between internal and external costs, See attached side by side spreadsheet.
- b) Screening charges incurred by air carriers from billings by airports. The TSA form does not lend itself to a category whereby an air carrier would include summary charges that are received through airport Use agreements. These charges are a composite of law enforcement, utilities, space, capital etc. and are billed in total to airlines on the basis of enplanements.

2. Comment related to page 10 –11, audit requirement by independent certified public accountant and submission of work papers.

A financial statement audit by an independent certified public accounting firm would not include a detailed review of an airline’s special reports to government agencies, banks, etc. In the course of conducting an audit in accordance with general accepted auditing standards, the CPA uses sampling and other assessments to satisfy himself with the overall reasonableness of the financial statements and renders an opinion as to the fair presentation of the client’s financial statements. The working papers are the property of the CPA firm and are available for inspection and peer review. A more appropriate review by a CPA firm of a specific report would be an “Agreed Upon Procedures Engagement”. A client and CPA would agree on the procedures that the CPA would perform to conduct the review, however this type of engagement would not necessarily lead to the expression of an opinion. An agreed upon procedures engagement when multiplied by 195 carriers could be very costly. This would change the estimated annual burden estimated on page 13. Another alternative would be to state, as mentioned on page 11, that Federal auditors or other representatives have the right to review the supporting documentation and that carriers should retain all supporting files for a specific period of time.

TSA Categories**Section A -Screening Personnel & supervisors**

- 1 Checkpoint Screening Personnel
- 2 Exit Lane Monitors
- 3 Cargo Screeners
- 4 Checked Baggage Screeners
- 5 Baggage Runners
- 6 Supervisory Personnel
- 7 Non-Labor Costs
- 8 Background Checks
- 9 Training & Testing
- 10 Training records
- 11 Evaluations
- 12 Drug & Alcohol Testing & Treatment
- 13 Uniforms
- 14 Canines
- 15 Cost of security Clearances

Section A total

Section B- Equipment & Procedures

- 16 Screening Equipment Installation
Operating, Operational Maint /Testing of
- 17 Installed Screening Equip.
- 18 Maintenance of Sterile area
- 19 Checkpoint signs & related equipment
Exceptional Screening for Persons &
- 20 Property
- 21 Security Company Contracts

Section B total

Section C- Property and Plant

- 22 Real Estate
- 23 Utilites

Section C total

Section D-Program Management & Contract Oversight.

- 24 Ground Security Coordinators
- 25 Security Program Management
- 26 Security Contract Admin & Oversight
Screener/Supervisor Background Check
- 27 Audits
- 28 Legal Support
- 29 Accounting Support
- 30 Other Admin Support
- 31 Insurance
- 32 Law Enforcement Costs
- 33 Recruitment expenses

Section D total

Section E-Security Consortium costs.

Manangement Fees for Oversight of

- 34 Consortium Contracts

Section F-Other

- 35 Other Admin Support

Total Section F**Total all Sections.****Air Transport Association Categories****Section A. Internal costs**

1. Checkpoint Screening Personnel
2. Exit Lane Monitors
3. Checked Baggage Screeners
4. . Supervisory Personnel
5. Ground Security Coordinators
6. Background checks
7. Non-Labor Costs
8. Training and Testing
9. Training Records
10. Evaluations
11. Drug & Alcohol testing & Treatment
12. Uniforms
13. Canines
14. Cost Of security Clearances

Section A-total Internal Costs

Section B. external costs

15. Screening Company Contracts

Section B. total

Section C. Equipment & Capital Expenditures

16. Screening equipment

17. Internal Operating
 Maintenance

18. External Operatinmg
 Maintenance

Section C. total